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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1941

No. 228

THE S. S. WHITE DENTAL MANUFACTURING COMPANY,

Petitioner,

vs.

THE UNITED STATES.

PETITION FOR WRIT OF CERTIORARI TO THE COURT OF CLAIMS.

J. HENRY WALTERS,
HARRY LEVINE,
Counsel for Petitioner.

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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1941

No. 228

THE S. S. WHITE DENTAL MANUFACTURING COMPANY,

Petitioner,

vs.

THE UNITED STATES,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE COURT OF CLAIMS.

The petitioner prays that a writ of certiorari issue to review the judgment of the Court of Claims in the above case.

Opinion Below.

The opinion of the Court of Claims is reported in 38 Federal Supplement 301.

Jurisdiction.

The judgment of the Court of Claims was entered April 7, 1941. The jurisdiction of this Court is invoked under Section 3(b) of the Act of February 13, 1925, as amended.

Question Presented.

The sole question presented is whether the petitioner, in arriving at its net income for 1936 subject to Federal income and undistributed profits tax, is entitled to deduct an allowance for obsolescence. It claims this allowance to recover part of the undepreciated cost, less salvage value, of an old plant which it abandoned upon the erection of a new plant, as an addition to an existing one in another city, to take its place.

Statutes Involved.

The applicable portions of the statutes and the regulations and rulings of the Commissioner of Internal Revenue thereunder, are set forth in the appendix, *infra*, pp. 9-11.

Statement.

During 1936, petitioner carried on its manufacturing operations in two plants in Pennsylvania, one at Frankford and the other at Northwood, and in its plant at Staten Island in the City of New York. In 1936 and 1937, the plant at Northwood was in good condition and adequate for petitioner's manufacturing operations (Finding 2). At a meeting of the Executive Committee of the petitioner on April 1st, 1936, resolutions were adopted providing for the transfer of operations in the Northwood plant to Staten Island by the erection of a new building there for that purpose, consideration later to be given to the transfer also of Frankford's operations, the entire consolidation program to effect economies estimated at $110,000. a year. The result to be obtained from the removal from Northwood was an estimated annual saving in expense of $30,649 (Finding 3).

The petitioner entered into contracts for the erection of the new plant in 1936 at a maximum cost figure of $207,800.

The new plant was completed by April 1st, 1937 and all departments of the Northwood plant were moved into it on or before May 1st, 1937. The Northwood plant was thereupon vacated and abandoned and was not thereafter used by petitioner (Finding 4).

On April 1, 1936, the date petitioner determined to abandon the plant at Northwood, its cost, less depreciation previously allowed by the Commissioner of Internal Revenue, was $170,504.45 (Finding 9), its salvage value at date of abandonment a year later was estimated to be $75,000, which was found by the court to be reasonable (Finding 5). Petitioner kept its books and filed its income tax returns on an accrual basis of accounting (Finding 8). It claimed, after its return for 1936 was filed, an allowance for extraordinary obsolescence measured by the difference between the depreciated cost of the Northwood plant at April 1, 1936 and the estimated salvage value of $75,000 spread over the period from April 1st, 1936 to April 1st, 1937. This difference amounted to $95,504.45. The petitioner, being on an accrual basis of accounting, claimed three-fourths thereof, or $71,628.34, as applicable to the year 1936, nine of the twelve months' extraordinary obsolescence having occurred in 1936 (Finding 10).

The court below denied this claim.

Specification of Error to be Urged.

The Court of Claims erred in holding that the petitioner was not entitled to the allowance for obsolescence for the year 1936 as claimed by petitioner.

Reasons for Granting the Writ.

The decision of the Court of Claims rests on the assumption that since the Northwood plant was in good condition and adequate for petitioner's manufacturing operations and that its abandonment was part of a larger program to

consolidate all the manufacturing operations, including the Frankford plant of the petitioner, at Staten Island, the obsolescence allowance was inappropriate, because (according to its opinion) "there was no proof that the abandoned property was in fact obsolescent".

An adequate plant may be an obsolescent one when measured in terms of efficiency and economy. The opinion of the court below in a footnote discloses that the old plant occupied ten buildings, an arrangement characterized as outmoded by petitioner's expert witness, a characterization to which the opinion below assigns insufficient weight. The new plant was under one roof. The replacement, it was estimated, would save $30,649 a year. This abandonment and replacement, the petitioner submits, is supersession and gives rise to statutory obsolescence.

This Court in a definition of statutory obsolescence (i. e., obsolescence within the intendment of Section 234(a)(7) of the Revenue Act of 1918, in all respects identical with Section 23(1) of the Revenue Act of 1936 (appendix, *infra*) and corresponding sections of all intervening revenue acts, specifically included supersession as one of the causes entitling a taxpayer to an allowance for obsolescence. This definition, now become standard, occurs in the case of *U. S. Cartridge Co.* v. *United States,* 284 U. S. 511, 516. Said this Court:

> "Obsolescence may arise from changes in the art, shifting of business centers, loss of trade, inadequacy, supersession, prohibitory laws and other things which, apart from physical deterioration, operate to cause plant elements or the plant as a whole to suffer diminution in value."

This Court very recently amplified and supplemented this definition of statutory obsolescence in a case brought under the Revenue Act of 1928 involving the sole question of statutory obsolescence. In the case of *Real Estate-Land*

Title & Trust Company v. *United States*, 309 U. S. 13, 16, this Court, after referring to its previous definition, said:

> "But in general, obsolescence under the act connotes functional depreciation, as it does in accounting and engineering terminology."

citing in a footnote the following authorities:

> "Kester, Advanced Accounting, 3d ed. 1933, chap. 10; Hatfield, Accounting, 1927, Chap. V; Saliers, Depreciation Principles and Applications, 3d ed. 1939, chap. 4; Kester, Depreciation (1924); Transactions, Amer. Soc. C. E., Vol. 81, p. 1527 (1917); Marston & Agg, Engineering Valuation (1936) pp. 83-85."

A concise and representative definition of functional depreciation by these authorities appears at page 1527 of Volume 81 (1917) of "Transactions of American Society of Civil Engineers". It follows:

> "Functional Depreciation.—Depreciation due to inadequacy, obsolescence or supersession.
> Inadequacy.—The insufficiency of a unit to perform fully the function required of it.
> Obsolescence.—The condition or process by which units gradually cease to be useful or profitable as a part of the property, on account of changed conditions.
> Supersession.—The substitution of a more profitable or efficient unit for the existing property unit."

There is no variance, except of language, by the other authorities in defining "functional depreciation". Since the petitioner relies largely on supersession to sustain its claim, it repeats, because of its aptness in the instant case, the definition of the term by Marston & Agg in their "Engineering Valuation" (1936 Edition) at page 84:

> "7. Supersession; in cases where the same service can be rendered with greater efficiency in quite different kinds of structures and/or equipment."

It thus appears clear that this Court has continued its liberal interpretation of the statutory term "obsolescence" begun in *V. Loewers Gambrinus Brewing Co.* v. *Anderson*, 282 U. S. 638, 641, in which it said:

> "The language of Section 234(a)(7) is broad enough to include all obsolescence from whatever cause."

and in its companion case, *Burnet* v. *Niagara Falls Brewing Co.*, 282 U. S. 648, 654, decided the same day. It is an interpretation to which the Treasury Department itself is committed (Article 23(1)(6) of Regulations 94, appendix).

Other courts and tribunals of lesser jurisdiction consistently have held that obsolescence is allowed under circumstances prevailing in the instant case. *Appeal of American Valve Company*, 4 B. T. A. 1204; *Corsicana Gas & Electric Co.* v. *Commissioner of Internal Revenue*, 6 B. T. A. 565; *Central Savings Bank* v. *Commissioner of Internal Revenue*, 10 B. T. A. 1408; *Conley Tin Foil Corporation* v. *Commissioner of Internal Revenue*, 17 B. T. A. 65; *Beckman* v. *United States*, decided May 3, 1938, by the District Court, E. D. of Penna. (38-1 U. S. T. C. 9295); *Post Office Building Co.* v. *Commissioner of Internal Revenue*, decided July 28, 1939, by the Board of Tax Appeals in a memorandum opinion (Dockets 93083, 93084 and 94464).

The opinion of the Circuit Court of Appeals in the case of *Crooks* v. *Kansas City Title & Trust Co.*, 46 F. (2d) 928, C. C. A. Eighth Circuit, discussed by this Court in the *Real Estate-Land Title & Trust Co.* case, *supra*, relies strongly on two rulings of the Treasury Department, O. D. 381 and I. T. 1775, appendix, *infra*. O. D. 381 is particularly in point here. These rulings have the force of law under the doctrine of this Court in the case of *Helvering* v. *Winmill*, 305 U. S. 79, 83.

While this Court, in the case of *Real Estate-Land Title & Trust Company* v. *United States, supra,* denied an allowance for obsolescence, such denial rested on a special state of facts. The taxpayer abandoned a plant which it had acquired in the very same year and which apparently it never used, or used but slightly.

The rationale of this Court's opinion is contained in the following words:

> "For this is not the case of acquisition of a new plant to take the place of one outmoded or less efficient. Rather the conclusion is irresistible that the plant was discarded only as a proximate result of petitioner's voluntary action in acquiring excess capacity."

In the instant case, petitioner constructed a new plant to take the place of an old one which was in use up to the very moment of its abandonment. The replacement was made to effect substantial economies of operation. This is supersession and hence is within the definition of functional depreciation which this Court holds yields the statutory allowance for obsolescence.

The principle contended for is of great importance to every taxpayer subject to the Internal Revenue laws, and its establishment beyond doubt is highly desirable. The opinion of the court below in the instant case, petitioner submits, does not accord with the liberal rules governing obsolescence established by this Court. A more recent opinion, by the Circuit Court of Appeals, Eighth Circuit, in the case of *Becker* v. *Anheuser-Busch, Inc.,* decided May 29, 1941, discusses the question and these rules exhaustively. While the *Anheuser-Busch* case involved facts and property different from those in the instant case, it is of interest because the court found that there was no abandonment or disuse of the property (bottles, cases, etc.) claimed to be obsolete. It held that the taxpayer under the

state of facts proved (non-abandonment) was limited to the annual allowance which includes a reasonable amount for exhaustion, wear and tear, and obsolescence, which allowance, for convenience, according to the article quoted by the court (corresponding to Article 23(1)-1, appendix) is referred to as depreciation. It is the extraordinary obsolescence under Article 23(1)-6 (appendix), additional to this depreciation allowance to which this petitioner is entitled and it submits that the decisions of this Court support the propriety of its claim.

Conclusion.

It is respectfully submitted that, for the reasons stated, this petition for a writ of certiorari should be granted.

J. Henry Walters,
Harry Levine,
Attorneys for Petitioner.

July, 1941.

APPENDIX.

Section 23 of the Revenue Act of 1936:

Sec. 23. Deductions from Gross Income.

In computing net income there shall be allowed as deductions: * * *

(1) Depreciation.—A reasonable allowance for the exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence.

Regulations 94 under the Revenue Act of 1936:

Article 23(1)-1. Depreciation. A reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the trade or business may be deducted from gross income. For convenience such an allowance will usually be referred to as depreciation, excluding from the term any idea of a mere reduction in market value not resulting from exhaustion, wear and tear, or obsolescence. The proper allowance for such depreciation of any property used in the trade or business is that amount which should be set aside for the taxable year in accordance with a reasonably consistent plan (not necessarily at a uniform rate), whereby the aggregate of the amounts so set aside, plus the salvage value, will, at the end of the useful life of the property in the business, equal the cost or other basis of the property determined in accordance with section 113. * * *

Article 23(1)-2. Depreciable property. The necessity for a depreciation allowance arises from the fact that certain property used in the business gradually approaches a point where its usefulness is exhausted. The allowance should be confined to property of this nature. In the case of tangible property, it applies to that which is subject to wear and tear, to decay or decline from natural causes, to exhaustion, and to obsolescence due to the normal progress of the art, as where machinery or other property must be replaced by a new invention, or due to the inadequacy of the property to the growing needs of the business. * * *

Article 23(1)-6. Obsolescence. With respect to physical property the whole or any portion of which is clearly shown by the taxpayer as being affected by economic conditions that will result in its being abandoned at a future date prior to the end of its normal useful life, so that depreciation deductions alone are insufficient to return the cost or other basis at the end of its economic term of usefulness, a reasonable deduction for obsolescence, in addition to depreciation, may be allowed in accordance with the facts obtaining with respect to each item of property concerning which a claim for obsolescence is made. No deduction for obsolescence will be permitted merely because, in the opinion of a taxpayer, the property may become obsolete at some later date. This allowance will be confined to such portion of the property on which obsolescence is definitely shown to be sustained and cannot be held applicable to an entire property unless all portions thereof are affected by the conditions to which obsolescence is found to be due.

Rulings of the Commissioner of Internal Revenue:

O. D. 381, 2 C. B. 138 (1920).

No amount may be charged off in any year in anticipation of obsolescence of a building which may become obsolete five or ten years later. However, a certain amount of obsolescence may be claimed from the time that it becomes certain that at a definite future date the building will be obsolete. The figure representing obsolescence should be, approximately, the difference between the fair market value of the building as of March 1, 1913 or its cost if acquired after that date, less depreciation, and the estimated salvage value. This obsolescence should be spread over the period from the time such obsolescence becomes certain until the building becomes obsolete and should be claimed in the returns filed for those years. For instance, the fair market value of a building March 1, 1913, was $30,000. Its depreciated value December 31, 1918 was represented by $18,000. and its estimated salvage value will be $5,000. in 1920. At that time (December 31, 1918) it was definitely determined and certain that in 1920

the building would have to be torn down and rebuilt, due to its inadequacy to meet the growing needs of the industry it housed. The difference between the depreciated value December 31, 1918, namely, $18,000. and its estimated salvage value of $5,000. represents obsolescence. This amount of $13,000. should be spread over the years covering the period 1919 and 1920, and deductions claimed accordingly on the returns filed for those years. In cases where obsolescence is claimed it must be supported by facts which will enable this office to determine whether such claim is proper and allowable.

I. T. 1775, II-2 C.B. 145 (1923).

In 1921, the taxpayer purchased the abstract plant of the M Company. At the time this plant was purchased it was thought it could be used to advantage in the abstract and title guaranty work of the taxpayer but was found upon trial to be inefficient and the records in part a duplication of the records of the taxpayer. It was then decided not to continue additions thereto from day to day in order to keep it up-to-date.

Advice is requested as to whether the taxpayer may take as a deduction depreciation sustained to the plant in view of the fact that it has not been added to or kept up-to-date since its purchase.

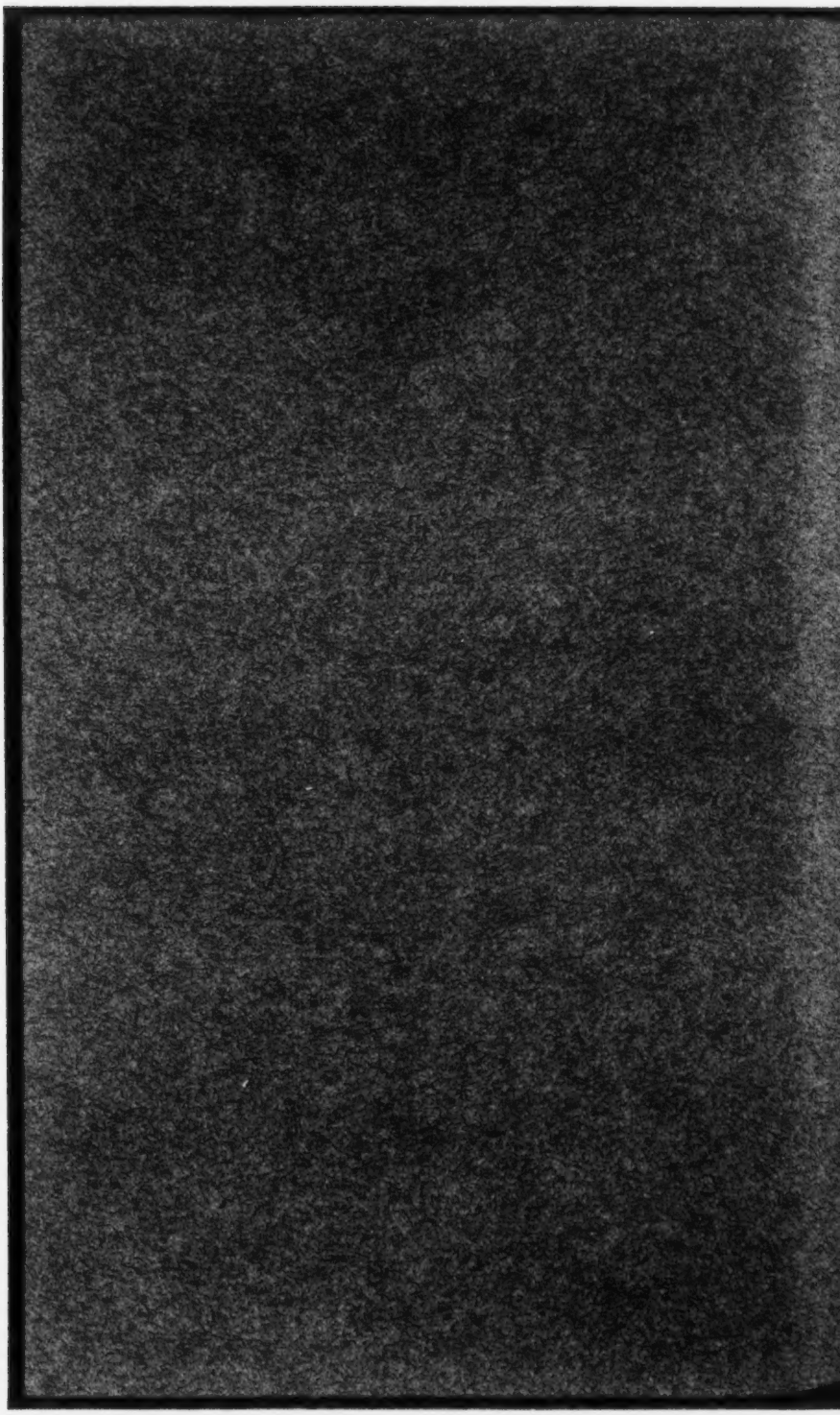
Held, that it is a proper case for depreciation or obsolescence allowances and the cost of the plant less the salvage value thereof should be spread equally over the period from the date the permanent abandonment of the plant was foreseen to the date of the permanent abandonment and deductions allowed each year in such amounts for income tax purposes.

No. [redacted]

In the Supreme Court of the United States

October Term, 1941

The S. S. White Dental Manufacturing Co.,



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In the Supreme Court of the United States

OCTOBER TERM, 1941

No. 228

THE S. S. WHITE DENTAL MANUFACTURING COMPANY, PETITIONER

v.

THE UNITED STATES

ON PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF CLAIMS

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINION BELOW

The opinion of the court below (R. 10–17) is reported in 38 F. Supp. 301.

JURISDICTION

The judgment of the court below was entered on April 7, 1941 (R. 17). The petition for a writ of certiorari was filed July 1, 1941 (R. 17). The jurisdiction of this Court is invoked under Section 3 (b) of the Act of February 13, 1925, as amended by the Act of May 22, 1939.

QUESTION PRESENTED

Taxpayer, a manufacturer, abandoned one of its several plants and transferred the operations of the abandoned plant to its main plant where a new building was to be erected to accommodate the operations thus transferred. The abandoned plant was in good condition and adequate for the taxpayer's use.

The question presented is whether the taxpayer is entitled to a deduction for obsolescence on account of the abandonment of the plant, under Section 23 (1) of the Revenue Act of 1936.

STATUTE AND REGULATIONS INVOLVED

The pertinent portions of the applicable statute and regulations are set forth in the Appendix, *infra*, pp. 7–10.

STATEMENT

The special findings of fact of the Court of Claims (R. 7–9) may be summarized as follows:

Petitioner, a corporation, during 1936 carried on its main manufacturing operations in three plants, one at Frankford, Pennsylvania, another at Northwood, Pennsylvania, and the third at Staten Island, New York. During 1936 and 1937 the Northwood plant was in good condition, adequate for petitioner's manufacturing operations, and in an industrial center within easy access to housing accommodations and other facilities used by employees (R. 7).

On April 1, 1936, petitioner decided to transfer the operations of the Northwood plant to the Staten Island plant and to erect a new building at Staten Island to house the consolidated operations. It was estimated that this would result in an annual savings in excess of approximately $30,000. Consideration was to be given later to the transfer also of the Frankford operations to Staten Island (R. 7–8).

A contract for the erection of the new building was then entered into and the building completed by April 1, 1937. All departments of the Northwood plant were moved into the new building on or before May 1, 1937. The Northwood plant was accordingly vacated and abandoned by the petitioner (R. 8).

The reasonable salvage value of the Northwood plant on April 1, 1937, was $75,560. It was sold on July 1, 1937, for a net sale's price of $83,160.50 (R. 8).

Petitioner's income and excess-profits tax return for the year 1936 showed a total tax of $83,660.87, which was paid in installments during the year 1937. An additional assessment of tax in the amount of $816.85 and interest of $230.15 was paid on July 24, 1937 (R. 8–9).

In its income tax return, petitioner did not claim any deduction for obsolescence on account of the abandonment of the Northwood plant. On

April 28, 1938, petitioner filed a claim for refund upon the ground that it was entitled to an obsolescence deduction on account of the abandonment of the Northwood plant in the amount of $71,628.34 (R. 9).[1]

Upon these facts, the Court of Claims held that the petitioner was not entitled to recover and dismissed the petition.

ARGUMENT

The court below properly held that the underlying reason for the abandonment of the Northwood plant and its consolidation with the Staten Island plant was to save the extra operating costs of maintaining the two plants (R. 13).

The holding that petitioner had accordingly failed to prove that the physical properties of the Northwood plant were obsolescent is clearly in accord with *Real Estate Title Co.* v. *United States,* 309 U. S. 13. In that case the taxpayer voluntarily discontinued the use of one of two title plants and as a consequence claimed a deduction

[1] The petitioner's claim stated that on the basis of cost less depreciation of $170,504.45 and the estimated sale value as appraised of $75,000.00, the petitioner suffered extraordinary obsolescence amounting to $95,504.45. The allowance which petitioner claims for 1936 is three-fourths of this sum, or $71,628.34, since nine of the twelve months claimed extraordinary obsolescence occurred in 1936 (R. 9).

for obsolescence. This Court disallowed the deduction and said (p. 17):

> For obsolescence under the Act requires that the operative cause of the present or growing uselessness arise from external forces which make it desirable or imperative that the property be replaced.

The claimed obsolescence in this case was not caused by any of the "external forces" which are commonly recognized as causing obsolescence. None of the cases cited by petitioner in its brief sustains its position that a deduction for obsolescence is allowable under such circumstances. Petitioner claims (Pet. 4) that the abandonment of the old plant and its replacement constitute supersession and give rise to statutory obsolescence, citing this Court's definition of obsolescence in *United States Cartridge Co.* v. *United States,* 284 U. S. 511, 516; and in the *Real Estate Title Co.* case, *supra.* Although this Court recognizes "supersession" as one of the manifestations of obsolescence, it is clear from the *Real Estate Title Co.* case (p. 17) that voluntary abandonment of facilities does not give rise to the right to an obsolescence deduction unless the inutility of the property abandoned arose from external forces. Since the alleged uselessness in the instant case arose from the voluntary action of the petitioner in order to

achieve economies by consolidation and not from any external forces or causes, the petitioner is not entitled to the claimed deduction for obsolescence.

CONCLUSION

The decision of the court below is correct. No conflict of decisions has been shown and the petition should be denied.

Respectfully submitted.

CHARLES FAHY,
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SEWALL KEY,
J. LOUIS MONARCH,
ELIZABETH B. DAVIS,
Special Assistants to the Attorney General.

JULY 1941.

APPENDIX

Revenue Act of 1936, c. 690, 49 Stat. 1648:

> SEC. 23. DEDUCTIONS FROM GROSS INCOME.
> In computing net income there shall be allowed as deductions:
>
> * * * * *
>
> (l) *Depreciation.*—A reasonable allowance for the exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each.
>
> * * * * *

Treasury Regulations 94, promulgated under the Revenue Act of 1936:

> ART. 23 (l)–1. *Depreciation.*—A reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the trade or business may be deducted from gross income. For convenience such an allowance will usually be referred to as depreciation excluding from the term any

idea of a mere reduction in market value not resulting from exhaustion, wear and tear, or obsolescence. The proper allowance for such depreciation of any property used in the trade or business is that amount which should be set aside for the taxable year in accordance with a reasonably consistent plan (not necessarily at a uniform rate), whereby the aggregate of the amounts so set aside, plus the salvage value, will, at the end of the useful life of the property in the business, equal the cost or other basis of the property determined in accordance with section 113. Due regard must also be given to expenditures for current upkeep. In the case of property held by one person for life with remainder to another person, the deduction for depreciation shall be computed as if the life tenant were the absolute owner of the property so that he will be entitled to the deduction during his life, and thereafter the deduction, if any, will be allowed to the remainderman. In the case of property held in trust, the allowable deduction is to be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the will, deed, or other instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income which is allocable to the trustee and the beneficiaries, respectively. For example, if the trust instrument provides that the income of the trust computed without regard to depreciation shall be distributed to a named beneficiary, such beneficiary will be entitled to the depreciation allowance to the exclusion of the trustee, while if the instrument provides that the trustee in determining the distributable in-

come shall first make due allowance for keeping the trust corpus intact by retaining a reasonable amount of the current income for that purpose, the allowable deduction will be granted in full to the trustee.

ART. 23 (l)–2. *Depreciable property.*— The necessity for a depreciation allowance arises from the fact that certain property used in the business gradually approaches a point where its usefulness is exhausted. The allowance should be confined to property of this nature. In the case of tangible property, it applies to that which is subject to wear and tear, to decay or decline from natural causes, to exhaustion, and to obsolescence due to the normal progress of the art, as where machinery or other property must be replaced by a new invention, or due to the inadequacy of the property to the growing needs of the business. It does not apply to inventories or to stock in trade, or to land apart from the improvements or physical development added to it. It does not apply to bodies of minerals which through the process of removal suffer depletion, other provisions for this being made in the Act. (See sections 23 (m) and 114.) Property kept in repair may, nevertheless, be the subject of a depreciation allowance. (See article 23 (a)–4.) The deduction of an allowance for depreciation is limited to property used in the taxpayer's trade or business. No such allowance may be made in respect of automobiles or other vehicles used solely for pleasure, a building used by the taxpayer solely as his residence, or in respect of furniture or furnishings therein, personal effects, or clothing; but properties and cos-

tumes used exclusively in a business, such as a theatrical business, may be the subject of a depreciation allowance.

* * * * *

ART. 23 (l)–6. *Obsolescence.*—With respect to physical property the whole or any portion of which is clearly shown by the taxpayer as being affected by economic conditions that will result in its being abandoned at a future date prior to the end of its normal useful life, so that depreciation deductions alone are insufficient to return the cost or other basis at the end of its economic term of usefulness, a reasonable deduction for obsolescence, in addition to depreciation, may be allowed in accordance with the facts obtaining with respect to each item of property concerning which a claim for obsolescence is made. No deduction for obsolescence will be permitted merely because, in the opinion of a taxpayer, the property may become obsolete at some later date. This allowance will be confined to such portion of the property on which obsolescence is definitely shown to be sustained and can not be held applicable to an entire property unless all portions thereof are affected by the conditions to which obsolescence is found to be due.

* * * * *

U. S. GOVERNMENT PRINTING OFFICE: 1941